

106TH CONGRESS
1ST SESSION

S. 496

To provide for the establishment of an assistance program for health insurance consumers.

IN THE SENATE OF THE UNITED STATES

MARCH 2, 1999

Mr. REED (for himself and Mr. WYDEN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To provide for the establishment of an assistance program for health insurance consumers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Health Care Consumer
5 Assistance Act”.

6 **SEC. 2. GRANTS.**

7 (a) IN GENERAL.—The Secretary of Health and
8 Human Services (referred to in this Act as the “Sec-
9 retary”) shall award grants to States to enable such
10 States to enter into contracts for the establishment of con-

1 sumer assistance programs designed to assist consumers
2 of health insurance in understanding their rights, respon-
3 sibilities and choices among health insurance products.

4 (b) ELIGIBILITY.—To be eligible to receive a grant
5 under this section a State shall prepare and submit to the
6 Secretary an application at such time, in such manner,
7 and containing such information as the Secretary may re-
8 quire, including a State plan that describes—

9 (1) the manner in which the State will solicit
10 proposals for, and enter into a contract with, an en-
11 tity eligible under section 3 to serve as the health in-
12 surance consumer office for the State; and

13 (2) the manner in which the State will ensure
14 that advice and assistance services for health insur-
15 ance consumers are coordinated through the office
16 described in paragraph (1).

17 (c) AMOUNT OF GRANT.—

18 (1) IN GENERAL.—From amounts appropriated
19 under section 5 for a fiscal year, the Secretary shall
20 award a grant to a State in an amount that bears
21 the same ratio to such amounts as the number of in-
22 dividuals within the State covered under a health in-
23 surance plan (as determined by the Secretary) bears
24 to the total number of individuals covered under a
25 health insurance plan in all States (as determined by

1 the Secretary). Any amounts provided to a State
 2 under this section that are not used by the State
 3 shall be remitted to the Secretary and reallocated in
 4 accordance with this paragraph.

5 (2) MINIMUM AMOUNT.—In no case shall the
 6 amount provided to a State under a grant under this
 7 section for a fiscal year be less than an amount
 8 equal to .5 percent of the amount appropriated for
 9 such fiscal year under section 5.

10 **SEC. 3. ELIGIBILITY OF STATE ENTITIES.**

11 To be eligible to enter into a contract with a State
 12 and operate as the health insurance consumer office for
 13 the State under this Act, an entity shall—

14 (1) be an independent, nonprofit entity with
 15 demonstrated experience in serving the needs of
 16 health care consumers (particularly low income and
 17 other consumers who are most in need of consumer
 18 assistance);

19 (2) prepare and submit to the State a proposal
 20 containing such information as the State may re-
 21 quire;

22 (3) demonstrate that the entity has the tech-
 23 nical, organizational, and professional capacity to
 24 operate the health insurance consumer office within
 25 the State;

1 (4) provide assurances that the entity has no
 2 real or perceived conflict of interest in providing ad-
 3 vice and assistance to consumers regarding health
 4 insurance and that the entity is independent of
 5 health insurance plans, companies, providers, payers,
 6 and regulators of care; and

7 (5) demonstrate that, using assistance provided
 8 by the State, the entity has the capacity to provide
 9 assistance and advice throughout the State to public
 10 and private health insurance consumers regardless
 11 of the source of coverage.

12 **SEC. 4. USE OF FUNDS.**

13 (a) BY STATE.—A State shall use amounts received
 14 under a grant under this Act to enter into a contract de-
 15 scribed in section 2(a) to provide funds for the establish-
 16 ment and operation of a health insurance consumer office.

17 (b) BY ENTITY.—

18 (1) IN GENERAL.—An entity that enters into a
 19 contract with a State under this Act shall use
 20 amounts received under the contract to establish and
 21 operate a health insurance consumer office.

22 (2) NONCOMPLIANCE.—If the State fails to
 23 enter into a contract under subsection (a), the Sec-
 24 retary shall withhold amounts to be provided to the
 25 State under this Act and use such amounts to enter

1 into the contract described in paragraph (1) for the
2 State.

3 (c) ACTIVITIES OF OFFICE.—A health insurance con-
4 sumer office established under this Act shall—

5 (1) provide information to health insurance con-
6 sumers within the State relating to choice of health
7 insurance products and the rights and responsibil-
8 ities of consumers and insurers under such products;

9 (2) operate toll-free telephone hotlines to re-
10 spond to requests for information, advice or assist-
11 ance concerning health insurance in a timely and ef-
12 ficient manner;

13 (3) produce and disseminate educational mate-
14 rials concerning health insurance consumer and pa-
15 tient rights;

16 (4) provide assistance and representation (in
17 nonlitigative settings) to individuals who desire to
18 appeal the denial, termination, or reduction of health
19 care services, or the refusal to pay for such services,
20 under a health insurance plan;

21 (5) make referrals to appropriate private and
22 public individuals or entities so that inquiries, prob-
23 lems, and grievances with respect to health insur-
24 ance can be handled promptly and efficiently; and

1 (6) collect data concerning inquiries, problems,
2 and grievances handled by the office and periodically
3 disseminate a compilation and analysis of such infor-
4 mation to employers, health plans, health insurers,
5 regulatory agencies, and the general public.

6 (d) AVAILABILITY OF SERVICES.—The office shall
7 not discriminate in the provision of services regardless of
8 the source of the individual's health insurance coverage
9 or prospective coverage, including individuals covered
10 under employer-provided insurance, self-funded plans, the
11 medicare or medicaid programs under title XVIII or XIX
12 of the Social Security Act (42 U.S.C. 1395 and 1396 et
13 seq.), or under any other Federal or State health care pro-
14 gram.

15 (e) SUBCONTRACTS.—An office established under
16 this section may carry out activities and provide services
17 through contracts entered into with 1 or more nonprofit
18 entities so long as the office can demonstrate that all of
19 the requirements of this Act are met by the office.

20 (f) TRAINING.—

21 (1) IN GENERAL.—An office established under
22 this section shall ensure that personnel employed by
23 the office possess the skills, expertise, and informa-
24 tion necessary to provide the services described in
25 subsection (c).

1 (2) CONTRACTS.—To meet the requirement of
 2 paragraph (1), an office may enter into contracts
 3 with 1 or more nonprofit entities for the training
 4 (both through technical and educational assistance)
 5 of personnel and volunteers. To be eligible to receive
 6 a contract under this paragraph, an entity shall be
 7 independent of health insurance plans, companies,
 8 providers, payers, and regulators of care.

9 (3) LIMITATION.—Not to exceed 7 percent of
 10 the amount awarded to an entity under a contract
 11 under subsection (a) for a fiscal year may be used
 12 for the provision of training under this section.

13 (g) ADMINISTRATIVE COSTS.—Not to exceed 1 per-
 14 cent of the amount of a block grant awarded to the State
 15 under subsection (a) for a fiscal year may be used for ad-
 16 ministrative expenses by the State.

17 (h) TERM.—A contract entered into under subsection
 18 (a) shall be for a term of 3 years.

19 **SEC. 5. FUNDING.**

20 (a) AUTHORIZATION OF APPROPRIATIONS.—There
 21 are authorized to be appropriated such sums as may be
 22 necessary in each fiscal year to carry out this Act.

23 (b) REPORT OF SECRETARY.—Not later than 1 year
 24 after the date of enactment of this Act, and annually
 25 thereafter, the Secretary shall prepare and submit to the

1 appropriate committees of Congress a report that
2 contains—

3 (1) a determination by the Secretary of whether
4 amounts appropriated to carry out this Act for the
5 fiscal year for which this report is being prepared
6 are sufficient to fully fund this Act in such fiscal
7 year; and

8 (2) with respect to a fiscal year for which the
9 Secretary determines under paragraph (1) that suf-
10 ficient amounts are not appropriated, the rec-
11 ommendations of the Secretary for fully funding this
12 Act through the use of additional funding sources.

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